



***United States Attorney
Southern District of New York***

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**MANHATTAN U.S. ATTORNEY CHARGES OWNER AND CEO
OF REALCAST AND TWELVE OTHERS IN CONNECTION
WITH TWELVE MILLION-DOLLAR SECURITIES FRAUD SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, and GEORGE VENIZELOS, the Acting Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced the unsealing of an indictment charging STEVEN KIMMEL and twelve other individuals, ANTHONY GUARINO, WILLIAM DICK, LANCE BARBARINO, GABRIEL ALMANDI, CIRO COZZOLINO, ISAAC DAVIS, SALVATORE GUARINO, PETER SHARPE, JAMIL FULLER, WILLIAM ROTHLEIN, CHRISTOPHER SAVINO, and ALEX LEMBERG, for their alleged roles in a \$12 million-dollar securities and wire fraud scheme.

10 of the defendants were arrested earlier today; FULLER remains at large; and SAVINO and DICK are expected to surrender to authorities at a later date. Eight of the ten defendants in custody are expected to appear before United States District Judge THOMAS P. GRIESA in Manhattan federal court at 4:30 p.m. today. KIMMEL, who was arrested in Miami, Florida, and SHARPE, who was arrested in East Stroudsburg, Pennsylvania, will be presented in the Southern District of Florida and the Eastern District of Pennsylvania, respectively.

According to the Indictment unsealed today in Manhattan federal court:

KIMMEL is the owner and chief executive officer of a company called Realcast, which is based in Miami, Florida. Realcast was organized in 1999 for the purpose of providing live broadcasting and video on demand over the internet. Beginning in 2000, KIMMEL started selling shares in Realcast to the public and

has continued to do so until the present. In various documents issued by Realcast, KIMMEL's biographical information included the fact that KIMMEL formerly was employed by the Securities and Exchange Commission ("SEC").

During that same time period, Realcast utilized a New York-based office known as Powercom Energy Services Corp. and Empire Energy Services Corp. (collectively, "Powercom/Empire") to solicit investors for Realcast. ANTHONY GUARINO was responsible for the day-to-day operations and management of Powercom/Empire and he oversaw and supervised numerous individuals working at Powercom/Empire, including WILLIAM DICK, LANCE BARBARINO, GABRIEL ALMANDI, CIRO COZZOLINO, ISAAC DAVIS, SALVATORE GUARINO, PETER SHARPE, JAMIL FULLER, and WILLIAM ROTHLEIN. These defendants would solicit investments from investors, many of whom were elderly, through the use of false and fraudulent statements and through omissions of material facts.

From approximately 2000 until 2010, Realcast, through the use of those false statements and omissions of material facts, brought in approximately \$12,000,000 in investment monies via Powercom/Empire. However, during this ten-year time span, Realcast had minimal revenues generated from the operation of its business. Instead, to continue to secure outside investment, Realcast typically paid Powercom/Empire at least 40 percent of the amount of money invested by an investor as a commission for Powercom/Empire's efforts to sell Realcast shares. Realcast did not disclose to investors that it was siphoning almost half of their money to Powercom/Empire. Indeed, in 2000, Realcast claimed that it paid only a 10 percent commission to its broker/dealers and, starting in or about at least 2004, Realcast claimed not to be paying any commissions at all because it was no longer using broker/dealers. Nonetheless, as late as March 2010, KIMMEL was paying Powercom/Empire 50 percent of a \$700,000 investment for its efforts in bringing that money in.

Over the last ten years, Powercom/Empire was able to raise the approximately \$12,000,000 investment money for Realcast -- and receive its massive commissions -- by targeting elderly investors and individuals not living in the New York City area so that those investors were not able to personally check up on its operations. Moreover, as part of the scheme to sell shares of Realcast, the defendants made false oral representations to investors about the nature of Realcast's business and the potential for their investment.

For example, in December 2009, BARBARINO explained to a co-conspirator that Realcast was a dead business and that his "mother will come out of the grave" before Realcast is a success. Shortly thereafter, in February 2010, BARBARINO told a potential investor that Realcast could be bought out in the near future and that BARBARINO was "comfortable" telling the potential investor that their shares would soon sell for high prices. Various defendants also would make false claims that Realcast imminently was going to be purchased by another company, thereby promising investors immediate returns on their investment in order to lure them into the scheme.

In addition to Realcast, Powercom/Empire utilized similar tactics in selling shares and soliciting investments in other companies, such as the ones operated by CHRISTOPHER SAVINO and ALEX LEMBERG.

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The charges against each defendant and the corresponding maximum potential penalties are contained in a chart attached to this press release.

U.S. Attorney PREET BHARARA stated: "Steven Kimmel and his co-conspirators allegedly operated a classic boiler room that defrauded investors out of \$12 million. The defendants, according to the indictment, specifically targeted the elderly to maximize the chances of getting away with their alleged scam. Kimmel and his cronies will now face justice in a court of law for their alleged crimes. The Southern District of New York will work closely with the FBI to stop those who would target vulnerable people for personal enrichment."

FBI Acting Assistant Director-in-Charge GEORGE VENIZELOS stated: "We should never underestimate the ability of a criminal enterprise like this one to trot out an old scheme like a stock-promoting boiler room operation. As long as there are prospective victims and a fast buck to be made, the bottom-feeders of the securities industry will try to capitalize. The FBI's job is to police the industry to weed out the criminals, thus protecting the investing public and preventing windfall profits for cheating. Any investment strategy bears risk, but it ought not to include the risk that the person selling you on it is lying to you."

Mr. BHARARA praised the investigative work of the FBI.

Assistant United States Attorney JOHN T. ZACH is in charge of the prosecution.

The charges contained in the complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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U.S. v. Steven Kimmel, et al. (10 Cr. 476)

Ct	Charge	Defendants	Maximum Penalties
1	Conspiracy to Commit Securities Fraud	STEVEN KIMMEL, ANTHONY GUARINO, WILLIAM DICK, LANCE BARBARINO, GABRIEL ALMANDI, CIRO COZZOLINO, ISAAC DAVIS, SALVATORE GUARINO, PETER SHARPE, JAMIL FULLER, WILLIAM ROTHLEIN, CHRISTOPHER SAVINO, ALEX LEMBERG	five years in prison; fine of the greatest of \$250,000 or twice the gross gain or loss
2	Securities Fraud	STEVEN KIMMEL, ANTHONY GUARINO, WILLIAM DICK, LANCE BARBARINO, GABRIEL ALMANDI, CIRO COZZOLINO, ISAAC DAVIS, SALVATORE GUARINO, PETER SHARPE, JAMIL FULLER, WILLIAM ROTHLEIN, CHRISTOPHER SAVINO, ALEX LEMBERG	20 years in prison; a fine of the greatest of \$5,000,000 or twice the gross gain or loss
3	Conspiracy to Commit Wire Fraud	STEVEN KIMMEL, ANTHONY GUARINO, WILLIAM DICK, LANCE BARBARINO, GABRIEL ALMANDI, CIRO COZZOLINO, ISAAC DAVIS, SALVATORE GUARINO, PETER SHARPE, JAMIL FULLER, WILLIAM ROTHLEIN, CHRISTOPHER SAVINO, ALEX LEMBERG	20 years in prison; a fine of the greatest of \$250,000 or twice the gross gain or loss

Ct	Charge	Defendants	Maximum Penalties
4	Wire Fraud	STEVEN KIMMEL, ANTHONY GUARINO, WILLIAM DICK, LANCE BARBARINO, GABRIEL ALMANDI, CIRO COZZOLINO, ISAAC DAVIS, SALVATORE GUARINO, PETER SHARPE, JAMIL FULLER, WILLIAM ROTHLEIN, CHRISTOPHER SAVINO, ALEX LEMBERG	20 years in prison; a fine of the greatest of \$250,000 or twice the gross gain or loss

Defendant	Residence	Age
STEVEN KIMMEL	Miami, Florida	63
ANTHONY GUARINO	New York, New York	54
WILLIAM DICK	New York, New York	55
LANCE BARBARINO	New York, New York	59
GABRIEL ALMANDI	Jersey City, New Jersey	49
CIRO COZZOLINO	New York, New York	77
ISAAC DAVIS	Orange, New Jersey	53
SALVATORE GUARINO	Nutley, New Jersey	52
PETER SHARPE	East Stroudsburg, Pennsylvania	61
JAMIL FULLER	Atlanta, Georgia	39
WILLIAM ROTHLEIN	New York, New York	67
CHRISTOPHER SAVINO	Suffolk County, New York	51
ALEX LEMBERG	New York, New York	37